

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Billed Party Preference) CC Docket No. 92-77
for 0+ InterLATA Calls)

ORIGINAL
FILE

COMMENTS OF THE SOUTHERN NEW ENGLAND TELEPHONE COMPANY

I. INTRODUCTION.

The Southern New England Telephone Company (SNET) submits these comments in response to the Federal Communications Commission's (Commission's) Notice of Proposed Rulemaking released on May 8, 1992.¹ SNET submits these comments to the issues regarding billed party preference (BPP) which the Commission outlined in its NPRM.

While SNET supports making alternatively billed calling more "user friendly," deploying BPP will represent a significant expenditure. SNET estimates that the deployment of BPP will cost SNET in excess of \$30 million in the first year. Should the Commission determine that BPP is in the public interest and mandate that local exchange carriers (LECs) deploy BPP, it is critical for the Commission to provide the LECs adequate cost recovery mechanisms. SNET is concerned that if the Commission requires that LECs' meet the requirements of the price cap net revenue test, that the

¹In the Matter of Billed Party Preference, Notice of Proposed Rulemaking, CC Docket No. 92-77, released May 8, 1992, (NPRM).

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rate level SNET would need to recover BPP costs would be "unreasonably" high. In the alternative, SNET recommends that BPP deployment costs should be recognized as exogenous under the Commission's price cap rules and that ongoing expenses associated with BPP be recovered in the LECs' price cap tariffs through a new rate element, paid for by all carriers.

II. BENEFITS AND COSTS OF BILLED PARTY PREFERENCE.

SNET has performed an analysis that estimates SNET's network costs to deploy BPP. Although SNET will incur additional costs for operator related expenses, including such items as operator salaries and overheads, these costs have not been included in the estimate. The costs for billing operator service providers (OSPs) for BPP have also not been included.

In response to the Commission's request for the costs to implement and operate a BPP system² SNET has performed an analysis of deploying BPP for (a) all interLATA payphone traffic alone; (c) all interLATA 0+ traffic from any phone; and (d) all interLATA 0+ and 0- traffic from any phone. SNET did not perform an analysis of the Commission's plan (b) all interLATA public phone traffic, including traffic from hotel rooms and other aggregator locations. The

²NPRM, para. 25.

following are SNET's estimates for three of the calling plans proposed by the Commission and the underlying assumptions:

Commission Plan (a): SNET estimates that the first year costs for deploying BPP for all interLATA payphone traffic will be approximately \$23 million.

Commission Plan (c): SNET estimates that the first year costs for deploying BPP for all interLATA 0+ traffic will be approximately \$31 million.

Commission Plan (d): SNET estimates that the first year costs for deploying BPP for all interLATA 0+ and 0- traffic from any phone will be approximately \$33 million.

Assumptions underlying the above estimates

There are certain critical assumptions included in the cost development for deploying BPP as follows:

1. All costs to deploy BPP are incremental to SNET's existing operator services network. No embedded operator services network costs have been allocated to the deployment of BPP in SNET's estimate.

2. Only SNET will make the LIDB query and pass all required information to the OSP.
3. Costs to deploy SS7 capabilities are not included as part of this estimate.
4. A new OSPS is required to serve additional traffic.
5. Interexchange carrier traffic routes directly to OSPs. No costs for route diversity are included.
6. The costs to upgrade end offices³ are estimated to be \$15,000 per end office.⁴
7. SNET's LIDB interconnection network has sufficient capacity to accommodate BPP.

The Commission has tentatively concluded that BPP would qualify as a "new" service under price caps.⁵ As such, the service would have to be priced to recover all recurring and non-recurring costs as well as make a positive net revenue contribution within three years. Although this approach is preferable because it would recover costs directly from the

³SNET has 140 end offices which will need an upgrade.

⁴SNET is concerned that vendor costs will escalate for the end office upgrades, beyond the control of SNET, if the Commission mandates BPP be deployed.

⁵NPRM, footnote 30.

cost causer, SNET is concerned that this approach would be impractical in light of the magnitude of costs for a company of SNET's size. Given the high costs for BPP, it may well be impossible to price this service at what could be considered a "reasonable" price level and still meet the requirements of the Commission's price cap net revenue test.⁶ As an alternative SNET recommends that BPP deployment costs be recognized as exogenous under the Commission's price cap rules and that ongoing expenses associated with BPP be recovered in the LECs' price cap tariffs through a new rate element, paid for by all carriers.

III. OPERATION OF BILLED PARTY PREFERENCE.

The Commission requests comment concerning whether BPP would require callers to provide certain information about their call twice and if LEC deployment of Automated Alternate Billing Services (AABS) and SS7 technology would alleviate the "double operator system problem."⁷

SNET believes that deployment of SS7 technology and AABS will eliminate most dual handling of calls in the operation of BPP. Because a percentage of AABS customers will decide to default to live operators, some dual handling will continue to exist, primarily on collect calls. SNET

⁶SNET is unable at this time to quantify the potential rate impact but will continue to examine this issue and may be in a position to estimate rate impacts in its Reply Comments.

⁷NPRM, par. 26.

has plans to implement AABS by year end 1993 and plans to deploy SS7 statewide by the year 2000. Until SNET implements AABS and gains some practical experience in end user AABS participation, SNET cannot predict AABS default percentages with confidence.

SNET DOES NOT RECOMMEND RETENTION OF LINE NUMBER BASED CARDS FOR OSPS.

The Commission seeks comment on whether it would be feasible or desirable for LECs to perform a fourteen-digit carrier identification screening in LIDB, after BPP is implemented.⁸ SNET believes that carrier calling cards for validation and routing of calls in a BPP environment should be limited to the industry established CIID or 891 standards. Inclusion of carrier line-based calling cards for BPP validation and routing will increase the cost of LIDB development work for BPP provisioning.

Allowing line-based fourteen digit carrier card numbers into the SNET LIDB database creates problems. First, LIDB storage space would have to be increased to accommodate carrier validation data; secondly, fourteen digit validation will create a potential routing conflict on matching PINs from differing carriers. Third, allowing competing carriers direct access to the SNET LIDB database for updates of carrier issued line-based cards will require new administrative and security facilities and procedures which are currently not available at the SNET LIDB. Fourth,

⁸NPRM, footnote 19.

carrier line-based cards are proprietary network cards, with access limited to that carrier's own customers. The SNET LIDB supports non-proprietary LEC RAO cards and provides access to all carriers who request access. Provision of validation to proprietary card carriers runs counter to the intended use of LEC LIDB services.

IV. ACCESS TIMES FOR OPERATOR SERVICE CALLS.

It is SNET's belief that with the deployment of SS7 and AABS that there is no anticipated increase in access times for operator service calls due to BPP. This is especially true for 0+ interstate calling card calls billed to LEC card numbers. There may be call set up delays on calls which default to live LEC operators. There will be substantial call set up delays if the terminating OSP is not equipped for SS7 signaling.

V. IMPLEMENTATION OF BILLED PARTY PREFERENCE.

In response to the Commission's questions concerning whether the Commission should require all LECs to implement this system,⁹ SNET recommends that if the Commission mandates BPP be deployed, it should be deployed by all LECs. Only if BPP is universally deployed will the true benefits of BPP be realized by end users. Universal deployment by all LECs will minimize customer confusion which could result

⁹NPRM, para. 31.

from maintaining different methods of operator assisted calls.

The Commission should amend Part 68 rules to ensure that traffic aggregators and payphone providers can not bypass BPP. SNET is concerned that due to the high cost of deploying BPP, that carriers, to avoid high rates, may be incented to bypass BPP by having their customers utilize alternative calling such as 1-800, 950 or 10XXX access code dialing. Clearly, avoiding BPP is not in the public interest and the effect of bypassing BPP will result in cost recovery from the remaining BPP users. The Commission should establish a cost recovery mechanism which will recover the costs of BPP from all carriers to ensure that all end users benefit from the BPP operation and that the cost of deploying BPP is borne by all carriers.

VI. TYPES OF CALLS FOR WHICH BPP SHOULD BE IMPLEMENTED.

The Commission seeks comment on the types of calls for which BPP should be implemented.¹⁰ If the Commission determines that BPP is in the public interest, SNET recommends that BPP should be deployed for all 0+ and 0-interLATA calling.¹¹ SNET believes that BPP should be deployed from all types of station lines to include public and semi-public stations and all residential and business lines. Universal deployment of BPP will, hopefully, avoid customer confusion when placing calls at different

¹⁰NPRM, para. 32.

¹¹This is option (d) as outlined in NPRM, para. 32.

locations. Absent universal deployment, customers will not know at which locations it will be necessary to dial "0+" or "0-" to reach their long distance provider or which locations will require dialing a carrier access code to make a call. Also, without universal deployment interexchange carriers will encourage their customers to access their chosen carrier via an access code, thus eliminating the confusion of different dialing patterns required of different locations, and therefore "bypassing" the BPP operation.

VII. PROCESS FOR ASSIGNMENT OF 0+ CARRIER.

The Commission seeks comment on the process by which a 0+ carrier should be assigned to each telephone line.¹² SNET recommends that for ease of BPP implementation, that SNET's customers' current presubscribed carrier be used as the customers' BPP chosen carrier and that no new customer canvassing is necessary to introduce BPP.

In response to the Commission's request for comment on the process by which a secondary OSP might be assigned,¹³ SNET recommends that the carrier which has been identified as the customer's chosen carrier (primary) should be responsible for choosing the secondary carrier for completing its customer's calls. SNET recommends that the

¹²NPRM, para. 33.

¹³NPRM, para. 35.

"secondary" PIC be limited to a carrier with national market presence. Allowing the primary carrier to choose multiple secondary carriers, differing on a geographical basis, will require establishment of new, complex LEC operator switch databases for call routing. The need for new operator switch databases will increase the cost and complexity of BPP.

VIII. CONCLUSION.

SNET supports making alternatively billed calling more "user friendly" however, SNET's deployment of BPP will represent a significant expenditure. The Commission must provide the LECs adequate cost recovery mechanisms if it finds that BPP is in the public interest.

Respectfully submitted,
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CERTIFICATE OF SERVICE

I, Wendy Bluemling, hereby certify that copies of the foregoing Comments of SNET were served by hand upon the parties appearing below on this seventh day of July, 1992.

By: Wendy S. Bluemling
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